

## **Vietnam – World Bank – Trung Son Hydropower Project**

April 26, 2011

U.S. Position

Vietnam's growth in recent years is impressive and, the authorities have chosen to pursue sources of renewable energy to fuel their continuing economic and development successes. The project we are considering today is not only going to directly displace coal fired generation, thereby reducing emissions and shifting the power generation mix, but it will serve as a demonstration project to build domestic expertise in best practice to explore the use of Vietnam's remaining hydropower potential through the significant technical assistance component included in this investment.

The reform of Vietnam Electricity and the introduction of the Vietnam Competitive Generation Market will be critical to the overall success of the power generation industry in Vietnam. With these changes the Trung Son Hydropower Company's ability to handle the fiduciary responsibilities of project management will be critical to the successful implementation and supervision of the project.

The United States finds significant value in the capacity building aspects of this investment for developing sustainable hydropower production in Vietnam. This is especially true in enhancing the environmental and social mitigation regimes as well as the government's ability to implement and monitor these sorts of programs. The United States notes the importance of close monitoring in this project, particularly with regard to the resettlement of ethnic minorities.

The draft power development plan includes two other potential dams in the Ma River Basin – the Hoi Xuan and Hua Na. The United States appreciates that a detailed cumulative impact assessment will be undertaken but believes that this should have been done prior to the development of the environmental management framework to ensure that adequate mitigation measures are in place. The United States expects that future World Bank financed hydropower projects will include cumulative impact assessments in the EIA documentation.

Finally, the project document and the memorandum of the president note several allegations of collusion that have been referred to the Integrity Vice Presidency in the preparation phase of this project. The United States would ask staff to provide a brief update on the status of these referrals and an assessment of whether the related issues have been fully addressed.

With these comments, the United States wishes to be recorded as abstaining on this project for legislatively mandated reasons related to the environmental impact assessment.